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FIRST YEAR UNDER ADJUSTMENT ACT SEES FARM INCOME CLIMB 39 PER CENT

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The anniversary of the Agricultural Adjustment Act terminates a period in which cash income of American agriculture increased by more than 39 per cent. The Act was passed on May 12, 1933.

Created at a time when American farm prices were borne down under the weight of immense surpluses of wheat, cotton, tobacco, pork and other products, the Agricultural Adjustment Administration centered its activities upon the task of better adjusting production to demand.

The surpluses were accumulated as a result of loss of export markets, the transition from a debtor to creditor nation, and other causes.

Lack of organization among farmers made it impossible for them as individuals to act in concert to reduce their production.

Through the machinery created in the Act, the farmers now have been organized into production control associations. Although much remains to be done, a beginning of adjustment has been accomplished, and already farm income is showing important improvement due in part at least to the better balance of supply with demand.

At the close of the twelve-month period adjustment has been extended to a preponderant share of the nation's agriculture. Farmers have signed more

than 2,860,000 contracts to restrict acreages under production control plans which provide benefit payments. In addition approximately 800,000 farmers are benefiting from marketing agreements which have been put into effect during the year.

The total farm cash income during the twelve-month period was 39 per cent larger than the cash income for the preceding twelve months. The estimated farm income exclusive of the value of products used on the farm for the period which terminated May 1, 1933 was $3,979,000,000. In the twelve-month period terminating May 1 of this year, the cash income is estimated at more than $5,530,000,000. The increase is more than $1,500,000,000.

Of this increase in agricultural income, rental and benefit payments accounted for more than 12 per cent. The payments totalled in excess of $185,380,000. The distribution of this total among growers of the various crops on which payments are made was as follows: cotton, $112,515,866; wheat, $67,617,486; tobacco, $5,206,778; corn, $15,536; and hogs, $24,844. For cotton and tobacco, the payments include those made under the 1933 and 1934 programs. On the others the payments were made on the 1934 program only.

These increases in farm income are in addition to the added returns to income that farmers received through increased prices resulting from programs to adjust production to effective demand in these basic commodities.

Initial steps towards adjustment programs now are being taken for other products recently added to the list of basic farm products by amendments to the Act. Conferences have been held on a program for the adjustment of the beef cattle industry. A program for the adjustment of the domestic sugar industry also is contemplated with a view to supporting the market and adding $30,000,000 to the income of sugar growers.

In addition to the programs for basic commodities, 22 marketing agreements for special crops such as fruits, vegetables, nuts, gum turpentine and rosin are in effect. The Administration has in prospect 56 other agreements

to cover 68 commodities. While some of these agreements have been put in effect too recently to show resulting additions to farm income, added returns to farmers from those first established are evident. Increases in returns to growers of California cling peaches, Tokey grapes, walnuts, olives, Northwest deciduous fruits, citrus fruits, peanuts, and asparagus resulting from such agreements are estimated at more than 35 million dollars. Additional benefits from informal agreements on canning vegetables exceed $2\frac{1}{2}$ million dollars.

The 19 milk licenses now in effect provide for minimum prices to producers of 15 per cent of the fluid milk and cream consumed by the non-farm population of the country. Codes for fair competition affecting agricultural products have been signed and others are in prospect.

Price supporting operations through surplus removal programs were also carried on. The North Pacific Emergency Export Association has sold for export approximately 25 million bushels of surplus wheat grown in the Pacific Northwest. Approximately 35 million dollars have been expended in the emergency pig buying campaign to support the hog market. Large quantities of surplus agricultural products also have been removed from commercial channels by the Secretary of Agriculture and distributed to the needy and underfed of the country. Generally, funds for the purchase of basic agricultural commodities have been provided by funds from the Agricultural Adjustment Administration, and all costs of processing and distribution have been paid by the Federal Surplus Relief Corporation. Commodities purchased by the Secretary have been donated to the relief corporation for distribution. When funds were not available to the Agricultural Adjustment Administration, the Federal Emergency Relief Administration has provided funds for the purchase of various items. This joint program has resulted in the removal from commercial channels of approximately 240 million pounds of pork and pork products; 100 million pounds of flour and 8 million bushels of wheat for feed; 50 million pounds of butter; 6 million pounds of cheese; 16

million pounds of canned beef and quantities of such other items as oranges, beans, apples, syrup, cereal foods, corn, oats and barley. The expenditures, including the 35 million dollars, spent in the emergency hog campaign, totals approximately 90 million dollars, of which about 50 million dollars has been paid from Agricultural Adjustment Administration Funds.

Of the total commitment of $250,000,000 available through the Commodity Credit Corporation for loans of 10 cents per pound on cotton, about 80 million dollars have been disbursed. Nearly 90 million dollars has been disbursed on corn loans at 45 cents per bushel out of a total commitment of $150,000,000 made available for this purpose through the Commodity Credit Corporation. Cribbed ear corn under seal represents a loan value totalling in excess of 120 million dollars.

Definite progress has been made toward "parity" for farm prices, which is the objective of the Act. A year ago the ratio of prices the farmer receives to the prices he pays was 52. It now has advanced to 62. Thus nearly 20 per cent of the disparity has been removed during the year. Parity will have been attained when the ratio is 100. The ratio figures apply to the general level of farm prices. The basic commodities to which production control programs were applied made a much closer approach to parity than did the general price level.

On the domestically consumed portions of the wheat, cotton, and tobacco crop, parity has practically been attained.

While more than 2,860,000 contracts have been signed by farmers to restrict production of wheat, cotton, tobacco, and corn and hogs, that figure does not completely express the extent of cooperation on the part of the farmers, since sign-ups for the campaigns have not yet been completed.

In addition to the programs for basic commodities, marketing agreements and licenses are including a large number of farmers within the benefits of the Act. It is estimated that 80,000 dairy farmers supply the markets in which the 19 milk licenses are enforcing minimum prices. The marketing agreement which covers the rice industry benefits 10,800 growers. The 22 agreements covering

million pounds of canned beef and quantities of such other items as [illegible], [illegible], syrup, cereal foods, [illegible] and bedding. The expenditures, including the [illegible] million dollars, spent in the emergency hog [illegible], total approximately [illegible] million dollars, of which [illegible] million dollars has been paid from Federal Emergency Relief Administration funds.

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special crops are incréasing prices and stabilizing marketing conditions for more than 740,000 growers.

Under contracts signed so far, nearly 36 million acres of land is being removed from production of cotton, wheat, tobacco, and corn. The seed demand indicates that much of this acreage is being used to grow soil-improving crops and grasses that will retard erosion. In the South some of the land withdrawn from cotton production is being used to supply local deficiencies in crops for home use under provisions of the contracts.

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